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June 26, 2006

HAND DELIVERY

Mary L. Cottrell
Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 06-40
Joint Petition of Boston Edison Company, Cambridge Electric Light Company, Canal
Electric Company and Commonwealth Electric Company d/b/a NSTAR Electric for
Approval of Merger

Dear Secretary Cottrell:

Enclosed please find for filing in the above matter an original and nine (9) copies of the
Petition to Intervene of Northeast Energy Associates, A Limited Partnership. A certificate of
service also is enclosed.

Please date stamp the enclosed duplicate copy of this Petition and return it to me for my
file.

Thank you for your assistance.

Very truly yours,



Alan D. Mandl

Enclosures

cc: Joan Foster Evans, Hearing Officer
Robert N. Werlin, Esq.
Joseph Rogers, Assistant Attorney General

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**Joint Petition of Boston Edison Company,
Cambridge Electric Light Company, Canal
Electric Company and Commonwealth
Electric Company d/b/a/ NSTAR Electric
for Approval of Merger**

D.T.E. 06-40

**PETITION TO INTERVENE OF
NORTHEAST ENERGY ASSOCIATES,
A LIMITED PARTNERSHIP**

Pursuant to 220 C.M.R. 1.03 of the Department's Procedural Rules, Northeast Energy Associates, A Limited Partnership ("NEA") petitions to intervene in the above-captioned proceeding of the Department. In support of its Petition, NEA states as follows:

1. NEA is the owner and operator of a 300 MW generating facility in Bellingham MA the ("Bellingham Facility").
2. NEA is party to four amended and restated power purchase agreements ("PPAs"), two of which are with Boston Edison Company ("BECO") and two of which are with Commonwealth Electric Company ("ComElec") (collectively the "Utilities").¹ Under the terms of the PPAs, NEA sells a fixed amount of power (approximately 220 MWs per hour) to the

¹ See DTE 04-85 *Petition of Boston Edison Company and Commonwealth Electric Company for Approvals Relating to the Restructuring of D.T.E. 04-85 Purchase Power Agreements with Northeast Energy Associates Limited Partnership* (2005).

Utilities from the Bellingham Facility or from wholesale power market in exchange for the market price of the power plus a fixed amount per MWh for a remaining term of 10 years.

3. The fixed payments total approximately \$746 million over the remaining term of the PPAs averaging \$112 million/year through 2011 and \$25 million/year through 2016.²

4. The Fixed Payments are NEA's primary source of operating margin needed to fund the Bellingham Facility fixed costs and provide a return to its owners. In addition the PPAs are pledged NEA to its lenders as security for NEA's debt obligations. Consequently, the long term credit condition of each of the Utilities is critically important to NEA and to its lenders. The PPAs contain explicit provisions pertinent to any proposed merger of ComElec into BECO and ComElec's proposed assignment of its PPAs to BECO. . Specifically, the entity resulting from such merger (*i.e.*, BECO) will be an assignee of the ComElec PPAs and under the terms of the PPAs, the post-merger BECO must (1) serve load in NEPOOL, (2) have a credit rating as established by Moody's or S&P that is not on "watch" for downgrading and equal to or better than that of the relevant purchaser (*i.e.*, ComElec) under the PPA at the time of the proposed assignment and (3) execute and deliver to NEA an assumption agreement that is reasonably satisfactory to NEA. Compliance with these provisions is determined at the time of the assignment. *See, e.g.*, Com Elec PPA Section 13.2(b)-(d).

5. Failure by BECO to assume ComElec's PPA obligations is a default under that PPA (See 8.1(f)). Section 8.1(f) provides for a default where "A Party ...merges with or into, or transfers all or substantially all of its assets to, another entity and, at the time of such...merger or transfer, the resulting, surviving or transferee entity fails to assume all of the obligations of such Party under this Agreement to which it or its predecessor was a party."

² A schedule of the annual fixed payments by contract is attached as Exhibit 1.

6. On May 25, 2006 NSTAR Electric filed a Joint Petition of BECO, Cambridge Electric Light Company, Canal Electric Company and ComElec for Approval of Merger (“Petition”).

7. On June 12, 2006, the Department issued an “Order of Notice”. In the Order of Notice, the Department established an intervention deadline of June 26, 2006. Thus, NEA’s Petition to Intervene is timely filed.

8. The Petition and pre-filed materials accompanying the Petition do not specify how BECO and ComElec will comply with the provisions of the PPAs discussed above. In fact, they suggest that the Department’s approval of the merger might result in the transfer of NEA’s PPAs with ComElec to BECO without regard to or satisfaction of the contractual requirements governing consolidations or assignments of the ComElec PPAs.

9. BECO and ComElec have expressed their confidence to NEA that they will comply with these provisions of the PPAs and that the surviving entity proposed under the Petition would satisfy PPA requirements; however, the merger transaction as described in pre-filed testimony and the Petition does not appear to require such compliance, and considering the necessary involvement of rating agencies (either Moody’s or S&P) as to the credit rating of the surviving entity, BECO’s and ComElec’s expressions of confidence do not adequately assure their compliance with applicable PPA requirements.

10. As a result, NEA is specifically and substantially affected by the by the outcome of the preceding, if it enables BECO and ComElec to avoid compliance with PPA requirements.

11. Remedies available to NEA under the PPAs may not be adequate to protect its interests if the Department approves the Petition without ensuring that PPA requirements be met.

12. No other party to this proceeding can adequately represent the specific interests of NEA in assuring that the terms of its PPAs are not violated in any respect by the proposed merger.

13. NEA is uniquely positioned to present evidence to the Department regarding its PPAs with the Utilities and the serious, negative effects of any merger order that does not require the Utilities and the surviving entity to comply with PPA obligations relating to transfers of the PPAs by merger/assignment.

14. NEA requests that the Department consider the impact of the proposed merger upon NEA's rights and the Utilities' obligations under the PPAs in determining whether the proposed merger is consistent with the public interest.

16. NEA further requests that the Department require as a condition for approval of the proposed merger that BECO and ComElec comply with the provisions of the PPAs regarding, among other things, the creditworthiness of the entity surviving the proposed merger and assuming the ComElec PPA obligations of the Utilities.

17. If permitted to intervene, NEA may (a) conduct discovery and cross-examination; (b) present evidence regarding the effect of the proposed merger upon the performance of the PPAs by the Utilities and any surviving entity; and (c) make recommendations (in testimony and/or on brief) concerning the propriety of the proposed merger and appropriate merger conditions relating to the Utilities' or any surviving entity's performance of their PPA obligations.

For the reasons above, NEA requests that the Department grant it leave to intervene in this proceeding.

Respectfully submitted,

NORTHEAST ENERGY ASSOCIATES, A
LIMITED PARTNERSHIP

By its attorneys,

A handwritten signature in black ink, appearing to read 'Alan D. Mandl', written over a horizontal line.

Alan D. Mandl
Smith & Duggan LLP
Lincoln North
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Lincoln, MA 01773
(617) 228-4464

Dated: June 26, 2006

D.T.E. 06-40
NEA Petition to Intervene

Exhibit 1

The PPAs' Fixed Payments

Year	Fixed payment
2006 ¹	\$ 56,640
2007	\$ 118,320
2008	\$ 121,080
2009	\$ 123,000
2010	\$ 126,480
2011	\$ 70,220
2012	\$ 31,680
2013	\$ 27,360
2014	\$ 30,600
2015	\$ 30,600
2016	\$ 10,285

¹ - partial year; July through December

CERTIFICATE OF SERVICE

D.T.E. 06-40

I, Alan D. Mandl, hereby certify that on this 26th day of June, 2006, I caused to be served by first class mail, postage prepaid, a copy of the Petition to Intervene of Northeast Energy Associates, A Limited Partnership, upon counsel of record and upon the Department of the Attorney General.

A handwritten signature in black ink, appearing to read "Alan D. Mandl", written over a horizontal line.

Alan D. Mandl